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TRENDS IN LATIN AMERICA AFFECTING UNITED STATES TRADE IN TOBACCO

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By

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A C K N O W L E D G M E N T

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FOREWORD

During the past decade, Latin America assumed increasing importance as a market for United States leaf and tobacco products. A shift in consumer preferences toward lighter, milder tobaccos was an important factor contributing to this rise in imports of United States leaf.

Aware of the changing taste of Latin American smokers, interests within many of the countries speeded up their efforts to produce United States types of leaf, with varying success. The increasingly acute dollar exchange situation and the accompanying import restrictions have slowed or practically stopped the movement of United States leaf to some countries and encouraged the domestic production of United States types of leaf in Latin America.

In order to appraise the trends in production and consumption of tobacco in Latin American countries from the viewpoint of their effect upon United States trade in tobacco and tobacco products, George W. Van Dyne, Marketing Specialist, conducted a first-hand study in 16 of the countries during the period September 1948 to March 1949. Mr. Van Dyne's observations, supplemented by information compiled in the Washington office from reports of Foreign Service officers and other sources, are summarized in this report.

This study was conducted under the provisions of the Research and Marketing Act of 1946. The possibilities of broadening the foreign market for other agricultural commodities also are being studied by this Office, and the findings are presented in other circulars and reports that may be obtained, free, from the Office of Foreign Agricultural Relations, United States Department of Agriculture, Washington 25, D. C.

Joseph A Becker

Joseph A. Becker, Chief
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Summary and Conclusions

For many years, Latin American countries have produced leaf tobacco, principally of the strong, dark, air-cured cigar types. However, consumers and tobacco manufacturers in Argentina, Brazil, Chile and other Latin American countries have long recognized the unexcelled flavor and aroma of leaf grown in the United States. For more than a hundred years, leaf from the United States has been imported by these countries for blending purposes to improve the domestic tobacco products.

Prior to World War I, dark, fire-cured Kentucky-Tennessee leaf was the most popular United States type imported by Latin American countries. The demand for this leaf increased steadily; and more than 5,000,000 pounds was imported during 1929, compared with 1,600,000 pounds of flue-cured tobacco and 41,000 pounds of Burley. Dark-fired Kentucky-Tennessee leaf represented 60 percent of the total imports of leaf from the United States in 1929, compared with 20 percent flue-cured and 0.50 percent Burley.

Since World War I, the demand for brighter, milder types of United States leaf tobacco has increased sharply at the expense of the darker, stronger types. This trend away from dark leaf was pointed out by Gibbs[1] in 1940. During the year beginning July 1, 1947, the United States exported 6,566,000 pounds of flue-cured leaf to Latin American countries, compared with 2,330,000 pounds of Burley and 921,000 pounds of dark-fired Kentucky-Tennessee leaf. Of the total exports of leaf from the United States to Latin American countries in 1947, flue-cured leaf represented 63.4 percent; Burley, 22.5 percent; and dark, fire-cured Kentucky-Tennessee, 8.9 percent. This trend is shown in table No. 1, which follows.

Shortly after World War I, the popularity of imported tobacco products increased considerably in Latin American countries. English, straight Virginia, and United States blended cigarettes met with much favor as a result of the further shift in consumer preference (in particular, from dark, cigar-type, hand-made cigarettes; oriental-type cigarettes; and from small, dark cigars) to machine-made, brighter, milder cigarettes. This change in consumer choice was influenced by both the quality and taste of the products. Soon after World War II, the demand for and sale of these imported products,

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[1] Gibbs, J. Barnard, Tobacco Trade with Latin America, U.S. Department of Agriculture, Office of Foreign Agricultural Relations, FS-82. June 1940.

especially United States blended cigarettes, increased on a much greater scale as a result of higher purchasing power among the natives and an increasing number of smokers. Subsequently, total sales of imported cigarettes declined because of the higher prices which were due principally to increased import duties and high domestic taxes.

TABLE 1.--United States: Exports of leaf tobacco to Latin American countries, average 1934-38 and 1939-43, annual 1944-47

Year beginning July 1	Fluecured	Dark Virginia	Kentucky-Tennessee firecured	Burley	Black fat	Total of classes shown
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average						
1934-38--	2,322	292	472	395	480	3,961
1939-43--	3,053	234	1,035	610	417	5,349
Annual						
1944-----	2,755	180	248	1,243	200	4,626
1945-----	4,138	274	437	1,822	277	6,948
1946-----	5,464	108	547	2,118	342	8,579
1947-----	6,566	187	921	2,330	355	10,357

Compiled from records of the Department of Commerce, Bureau of the Census.

Leading manufacturers in Latin America catered to this cigarette trade by producing brands containing blends resembling the imported products. These included high-grade cigarettes manufactured entirely of flue-cured tobacco imported from the United States as well as blended cigarettes made from imported flue-cured, Burley, and oriental tobaccos. Many of these brands were marketed at popular prices in attractive American 20's-cup packages bearing typical American names. A great number of these products, particularly the United States blended types, recieved very favorable consumer acceptance. Sales of this type have increased greatly during the past few years, and manufacturers in Latin America are expanding factory facilities in anticipation of a substantial increase during the next few years.

The European influence on customs and preferences in Latin America is no longer so pronounced. The natives are rapidly taking up many of the habits and modes of living of the "Norte Americano." They want many articles that we habitually use, such as industrial machinery, automobiles, television, radios, soft drinks, and chewing gum. The preferred cigarette is the imported United States blended type; and, regardless of high duties, high internal taxes, and certain restrictions, the consumption of imported, United States blended cigarettes continues to increase.

During 1948, exports of cigarettes from the United States to Latin America totaled 4,431,509,000 pieces, compared with 4,184,840,000 in 1947 and a prewar 1935-39 average of 809,932,000 pieces. (See table No. 2.)

TABLE 2.--United States: Exports of specified tobacco products to Latin American countries by calendar years, averages 1935-39 and 1940-44, annual 1945-48

Year	Cigars and cheroots	Cigarettes	Chewing tobacco 1/	Smoking tobacco 2/
	1,000 pieces	1,000 pieces	1,000 pounds	1,000 pounds
Average				
1935-39	881	809,932	172	265
1940-44	5,249	1,853,150	241	393
Annual				
1945	681	2,568,517	199	1,650
1946	1,281	3,589,113	244	2,091
1947	4,403	4,184,840	237	1,621
1948	2,783	4,431,509	239	1,399

1/ Includes chewing, plug, and other tobaccos for 1942, 1943, and 1944 and chewing and snuff, 1945, 1946, 1947, and 1948.
2/ Includes smoking tobacco only for 1940 and 1941 and smoking tobacco and cigar cuttings for 1942, 1943, and 1944.

Compiled from records of the U.S. Department of Commerce, Bureau of the Census.

From table No. 1, it may be seen that exports of leaf tobacco from the United States to Latin America during the year beginning July 1, 1947, totaled 10,357,000 pounds, compared with 8,579,000 pounds in 1946 and 3,961,000 pounds in the prewar, 1934-38 period. These figures are misleading if used as an index for 1948 and 1949, because of the shortage of dollar exchange which became acute in many of the Latin American countries in 1948. This shortage still exists and imports are curtailed. For the same reason, export figures shown in table No. 2, representing shipments of tobacco products from the United States to Latin America, are misleading. In Latin America, there is a strong potential demand for imported United States leaf and tobacco products, but the effective demand, of course, will depend upon the dollar situation.

Tobacco trade with Latin America has increased in both directions, as is shown in table No. 3 which gives United States imports of leaf and tobacco products from Latin America. Imports of leaf into the United States in 1947 came principally from Cuba and were double the level of prewar years; and imports of cigars in that year, the greater part of which also came from Cuba, trebled the prewar average. Imports of other tobacco products from Latin American countries were negligible. The consensus of opinion is that the outlook for increased imports from Cuba is favorable, but improvement in imports from neighboring Latin American countries is not anticipated in the near future.

Since World War I, practically all Latin American countries have attempted to expand the production of United States leaf types, particularly of flue-cured and Burley. Federal and State agricultural authorities of these countries cooperated with tobacco manufacturers in supplying technical assistance, seed, cloth, plants, tools, etc. Neither tobacco manufacturers nor leaf experts are entirely satisfied with the results thus far obtained. However, production of foreign seed types is increasing, and large quantities of this domestically produced leaf, especially flue-cured, are being consumed.

Further, the Governments in several Latin American countries still vigorously pursue the policy of striving to become self-sufficient in regard to tobacco requirements. As a result, there is a tendency to place great emphasis upon the domestic production of United States leaf types, and, if the shortage of dollar exchange continues, this trend will gain momentum.

The combined 1948-49 production of leaf tobacco in all Latin American countries is estimated at 650 million pounds, as compared with about 590 million pounds in 1947-48 and the prewar, 1935-36 through 1939-40, average of around 460 million pounds. Much of the increased production has resulted from the expansion in production of United States flue-cured and other foreign types of leaf tobaccos. Production of United States flue-cured types in all Latin American countries during 1948-49 is estimated at 61 million pounds, compared with about 54 million pounds in 1947-48 and 46 million pounds in 1946. The prewar production of flue-cured leaf in Latin America was negligible. The long-term outlook is for an increase in the total production of leaf tobacco in Latin America.

TABIE 3.--United States: Imports of leaf tobacco (including scrap) and tobacco products from Latin American countries by calendar years, average 1935-39, annual, 1945-47

Country of origin	Leaf and scrap				Cigars			
	Average 1935-39	1945	1946	1947	Average 1935-39	1945	1946	1947
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pieces	1,000 pieces	1,000 pieces	1,000 pieces
Mexico	1/	1	1/	1/	0	46	2/	2/
Argentina	144	0	355	280	2/	0	0	0
Brazil	0	71	17	1/	1	6	9	1
Colombia	0	0	0	0	0	210	54	22
Cuba	14,244	24,000	25,323	28,685	3,057	59,761	20,083	9,141
Other countries	8	31	-		10	5	6	1
Total	14,396	24,103	25,695	28,965	3,068	60,028	20,152	9,165

	Cigarettes				Other products			
	1,000 pieces	1,000 pieces	1,000 pieces	1,000 pieces	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Mexico	0	115	1	1	0	0	0	0
Cuba	11	2,617	6	6	1	14	1/	1/
Argentina	1	1	0	0	0	0	0	0
Other countries	19	27	3	2	0	6	-	-
Total	31	2,760	10	9	1	20	1/	1/

1/ Less than 500 pounds.
2/ Less than 500 pieces.

Compiled from data published in Foreign Commerce and Navigation of the United States.

Brazil

Brazil is the largest of the Latin American Republics. Containing about 47 percent of the total area of South America, Brazil's land area is about 9 percent larger than that of the United States. The country's population is estimated at 47,000,000; and it is the largest consumer, producer, and exporter of leaf tobacco in South America. The abundant land, rich soil, and favorable climate make it possible to produce large tobacco crops of a wide range of types, some of which are outstanding in quality and flavor.

Brazil's leaf-tobacco production for the 1948-49 season is estimated to equal in size or exceed the large 1947-48 crop of about 254,000,000 pounds. During the prewar period, 1934-35 through 1938-39, the country produced an average of 200,582,000 pounds of leaf tobacco, annually.

TABLE 4.--Brazil: Acreage and production of tobacco, average 1934-35 through 1938-39 and 1939-40 through 1943-44, annual 1944-45 through 1948-49

Crop year	Acreage	Production
	Acres	1,000 pounds
Average		
1934-35 through 1938-39	253,937	200,582
1939-40 through 1943-44	250,138	211,506
Annual		
1944-45	354,749	250,110
1945-46	359,526	261,370
1946-47	371,236	224,364
1947-48 1/	320,044	254,000
1948-49 1/	302,389	2/

1/ Preliminary.
2/ Not available.

Compiled from reports of United States Foreign Service officers.

The Federal and State Departments of Agriculture in Brazil, assisted principally by two large, privately owned, leaf-development companies, have worked closely with tobacco growers for over 25 years in endeavors to increase the production and improve the quality of tobacco. The increased production of recent years can be attributed largely to the efforts to build up stocks and meet the increased demand, particularly for the brighter and milder cigarette tobaccos of southern Brazil. Experiment stations are maintained in tobacco-growing districts, principally in the States of Rio Grande do Sul, Bahia, and Minas Gerais.

One of the leaf-development companies, with headquarters at Santa Cruz in the State of Rio Grande do Sul, operates large, modern, redrying plants in that State and in the adjacent State of Santa Catarina. The company has a very capable group of executives and tobacco-leaf experts. These experts have trained 60 native instructors to give technical assistance to tobacco growers and supply them with seed, fertilizer, cloth, and tools. Over 4,000 modern, flue-curing tobacco barns have been built by this company for growers in southern Brazil. The company's research program, which is designed to improve cultural and curing practices and tobacco-leaf processing methods, has been highly successful.

Another privately owned, leaf-development company at Santo Antonio in the State of Bahia, assisted by the Tobacco Institute of Bahia, has cooperated with leaf-tobacco growers in northern districts for over 20 years. As a result, the yield and quality of leaf tobacco has been improved, and the demand has steadily increased, particularly for cigar-filler types.

Leaf tobacco is grown in every State in Brazil. Currently, about 46 percent of Brazil's tobacco crop is produced in Rio Grande do Sul; 22 percent, in Bahia; and 11 percent, in the mining State of Minas Gerais. During the 1934-35 through 1938-39 period, Bahia produced about 34 percent; Rio Grande do Sul 31 percent; and Minas Gerais, 15 percent of this tobacco.

The most important varieties of Brazil's native leaf are dark, air-cured cigar types grown in Bahia and Minas Gerais. These are utilized principally in the manufacture of cigars, although significant quantities are used in preparing smoking tobacco and twist. Production of dark, air-cured cigar types during the 1948-49 season is estimated at 80 million pounds, compared with about 100 million pounds during the prewar period 1934-35 through 1938-39.

The Tobacco Institute of Bahia is empowered by law to establish the minimum prices for tobacco packed for export as well as the minimums paid to the farmer.

During 1947-48, average farm prices for Bahia air-cured leaf in United States equivalents per pound ranged from 8.1 cents to 12.1 cents (depending upon grade, etc.) compared with 12.9 cents to 20.9 cents per pound for the 1946-47 season and an annual average of about 3 cents per pound for the 5 prewar seasons, 1934-35 through 1938-39. Export prices for Bahia leaf during 1947-48 struck a low of 5.4 cents per pound, compared with a low of 5.2 cents for 1946-47 and about 4.0 cents per pound in prewar years.

The production of light, air-cured and flue-cured types predominates in the southern States of Rio Grande do Sul and Santa Catarina. These are used chiefly in twist and the manufacture of cigarettes and smoking tobacco, although sizable quantities are used for cigars. Production of light, air-cured leaf, which somewhat resembles our Burley leaf in appearance, was approximately 74 million pounds during the 1948-49 season, compared with about 58 million pounds during the prewar period, 1934-35 through 1938-39--an increase of 28 percent.

Prices paid to farmers in southern Brazil for flue-cured leaf during 1948-49 ranged, in United States equivalents, from 6.0 cents per pound to 29.2 cents, compared with a low of 6.5 cents and a high of 30.7 cents in 1947-48. Prices paid to farmers in these districts for light, air-cured leaf varied from 5.3 cents to 13.5 cents in 1947-48 and 1948-49.

The outstanding feature of the Brazilian leaf-tobacco industry during the last 25 years has been the development of United States flue-cured types in two of Brazil's southern States. Commercial production of these types of leaf tobacco was begun in Rio Grande do Sul during the 1932-33 season and in the adjacent State of Santa Catarina during 1945-46. Production of flue-cured leaf, which was about 10,000,000 pounds during the first season, doubled in 10 years. During the 1947-48 season, the production of flue-cured leaf was 44,884,000 pounds, compared with 37,191,000 pounds in 1946-47 and an annual average of 12,549,000 pounds during the 5 crop years, 1934-35 through 1938-39. This leaf is used chiefly in the manufacture of cigarettes, but important quantities are utilized in the preparation of blends for pipe-smoking mixtures and of cut tobacco for roll-your-own cigarettes. Currently, these domestic flue-cured types represent approximately 18 percent of the country's total leaf production, compared with 6 percent during the 5-year period, 1934-35 through 1938-39.

In Brazil's southern States, considerable success has also been achieved in crossing United States types of flue-cured leaf with the Chinese Nam Hung type and of native, air-cured types with Paraguayan. In appearance, some of the former crosses resemble certain United States flue-cured leafs, and some of the latter types are similar to United States Burley; but none are comparable in quality and flavor with United States grown types.

TABLE 5.--Brazil:--Acreage and production of tobacco by States, year beginning July 1, average 1934-38 and 1939-43, annual 1944-48

State	Average 1934-38		Average 1939-43	
	Acres	1,000 pounds	Acres	1,000 pounds
Bahia	80,420	68,916	89,624	71,660
Rio Grande do Sul	88,446	62,291	73,852	72,418
Minas Gerais	30,790	29,395	28,928	24,353
Santa Catarina	9,674	7,889	15,034	10,838
Other States	44,607	32,091	42,700	32,237
Total	253,937	200,582	250,138	211,506
	1944		1945	
Bahia	133,441	100,347	113,987	92,994
Rio Grande do Sul	80,735	73,629	90,192	88,515
Minas Gerais	50,690	27,079	59,255	26,918
Santa Catarina	8,177	8,898	10,974	11,369
Other States	81,706	40,157	85,118	41,574
Total	354,749	250,110	359,526	261,370
	1946		1947 1/	
Bahia	120,787	90,298	74,130	80,000
Rio Grande do Sul	74,992	52,560	78,479	90,000
Minas Gerais	82,593	29,138	84,014	30,000
Santa Catarina	18,520	14,024	6,820	7,000
Other States	74,344	38,294	76,601	147,000
Total	371,236	224,364	320,044	254,000
	1948 1/			
Bahia	80,308	2/		
Rio Grande do Sul	80,555	2/		
Minas Gerais	59,304	2/		
Santa Catarina	6,610	2/		
Other States	75,612	2/		
Total	302,389	2/		

1/ Preliminary.
2/ Not available.

Compiled from data published in Anuaro Estatistico do Brazil, Brazilian Ministry of Financo, and from reports of the U.S. Foreign Service officers.

The area of leaf tobacco under cultivation during the 1948-49 crop year was approximately 302,000 acres, compared with about 254,000 acres during the 1934-35 through 1938-39 period.

Although the immediate export outlook for Brazilian tobacco does not warrant a substantial increase in the total production of leaf in that country, an increase in the planting of United States types of leaf tobacco is probable because of the curtailment of imports of leaf tobacco from the United States. Brazil's long-standing policy of substituting national products for imported ones will also contribute to a further increase in the planting of United States types of leaf tobacco.

Brazil has attained virtual self-sufficiency in the production of leaf tobacco, and its requirements from abroad are therefore small. During 1947, 664,000 pounds of leaf were imported, compared with 662,000 pounds in 1946 and a 1935-39 average of 772,000 pounds. Prior to the war, Belgium, China, and the Netherlands were the most important sources of Brazil's imports of leaf tobacco. During the war, shipments from Europe and China were cut off, and the United States became the principal supplier. In 1947 and 1948, practically all of Brazil's imported leaf came from the United States and the Netherlands.

TABLE 6.--United States: Exports of unmanufactured tobacco to Brazil by calendar years, average 1935-39, annual 1946-48

Year	Flue-cured	Burley	Kentucky-Tennessee	Other	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Average					
1935-39	41	9	23	2	75
Annual					
1946	210	150	26	61	447
1947	225	120	22	41	408
1948	94	14	43	29	180

Compiled from records of the U.S. Department of Commerce, Bureau of the Census.

With the exception of smoking tobacco and cut, blended cigarette tobacco from the United States, imports of tobacco products into Brazil were negligible during the 1935-39 period. Currently, imports of tobacco products consist almost entirely of cigarettes from the United States.

TABLE 7.--United States: Exports of manufactured tobacco to Brazil by calendar years, average 1935-39, annual 1946-48

Year	Cheroots and cigars	Cigarettes	Smoking tobacco	Other
	1,000 pieces	1,000 pieces	1,000 pounds	1,000 pounds
Average				
1935-39	3	69	357	1/ 8,032
Annual				
1946	1	4,516	54	0
1947	-	2,768	43	0
1948	-	3,640	23	0

1/ Principally cut-blended cigarette tobacco, shipped in bulk.

Compiled from records of the U.S. Department of Commerce, Bureau of the Census.

A strong potential demand for United States leaf tobacco and United States blended-type cigarettes exists, but the effective demand, of course, will depend upon the dollar situation.

Brazil's rapidly growing, cigarette-manufacturing industry is centered chiefly in the cities of Sao Paulo and Rio de Janeiro, where about 75 percent of the cigarettes are now produced. Approximately 45 percent of these cigarettes are manufactured in Sao Paulo. Important, mechanically operated, cigarette factories are also located in the thriving, inland towns of Santa Cruz and Belo Horizonte; in important seaports stretching from Rio Grande in the extreme south to Belem in the far north; and in Manaus, 1,000 miles up the Amazon River.

Brazil's production of machine-made cigarettes is now more than double the prewar levels. In 1948, a total of 28,737 million pieces was produced, compared with 27,444 million pieces in 1947 and an average of 13,620 million pieces, annually, during the 7-year period 1933-39. (See table 8.)

The steady rise in consumption of machine-made cigarettes has been brought about principally by the increased purchasing power and growth in number of consumers.

TABLE 8.--Brazil: Cigarette manufacture by States, calendar years, average 1933-39, annual 1945-48

State	Average 1933-39	1945	1946	1947	1948
	Million pieces	Million pieces	Million pieces	Million pieces	Million pieces
Federal District	4,872	6,409	6,633	7,963	8,633
Sao Paulo	4,993	9,567	10,822	12,205	12,703
Pernambuco	1,211	2,015	2,459	2,591	2,580
Rio Grande do Sul	834	1,448	1,945	2,171	2,442
Bahia	746	988	1,082	1,137	971
Minas Gerais	413	624	715	705	740
Other	551	586	573	672	668
Total	13,620	21,637	24,229	27,444	28,737

Compiled from records of the Brazilian local government departments and from records of the tobacco trade.

During World War II, there was a definite shift in consumer preference from the dark, cigar-type cigarettes; from dark, smoking tobacco for roll-your own cigarettes; and, to a lesser extent, from "Virginia" type cigarettes to the United States type, blended cigarettes. During recent years, this preference has become more pronounced. However, due to the acute shortage of dollar exchange which began in 1947, imports of United States leaf have been curtailed and inventories are low.

Many new, domestic-blended cigarettes, packed principally in American-style, 20's-cup, paper packets--bearing typical American names such as Lincoln, Broadway, Dixie, Hollywood, and Richmond--are now marketed in American-type cartons. Some of these native blends have been specially treated in an endeavor to obtain the taste and aroma of the United States type, blended cigarettes. Although many of the 20's-cup packets are comparable to United States packets

for popular cigarettes, the blends are not. However, many cigarette manufacturers deem the long-term outlook to be favorable, and considerable investments of capital are being made in the expansion of facilities.

Brazil's cigar industry is centered in the State of Bahia, where dark, air-cured cigar types of leaf tobacco are grown on hundreds of farms. In this district transportation facilities are accessible and labor is abundant. About six manufacturers produce the bulk of the machine-made cigars, although common and crude cigars are made in thousands of homes scattered throughout the country. The output of cigars during the 1935-39 period, as reported for internal revenue tax purposes, was, on the average, about 180 million pieces annually, approximately 75 percent of which came from the State of Bahia. Official figures for the total current production are not available, but the trade reports a decrease in Bahia from a 5-year, 1942-46, average of 163,146,000 pieces to 157,761,000 and 131,905,000 pieces, respectively, in 1947 and 1948. It is further reported that this decrease is general, resulting from the consumer shift to cigarettes and the decline in exports due to exchange difficulties.

For the same reasons, the manufacture of cut tobacco in Brazil, although steady during recent years, is expected to decrease. During 1948, the output was 2,502,000 pounds, compared with 2,458,000 pounds in 1947 and an average of about 2,800,000 pounds for the 5 years 1935-39.

The production of snuff and plug tobacco are of little commercial importance.

Brazil retained its place as South America's largest exporter of leaf tobacco during 1948, with exports of 54,789,000 pounds. This total was 34 percent less than that of 1947, but it was 28 percent larger than the 5-year, 1940-44, average. The principal outlets were Argentina, Spain, and the Netherlands.

The high light of Brazil's leaf-export trade during 1948 was the resumption of shipments to Germany for the first time since 1940. Since Germany was Brazil's largest outlet for leaf tobacco in prewar years, this brightened the outlook for Brazilian leaf-tobacco exporters, whose determined efforts to regain the European trade lost during World War II were greatly handicapped by the adverse exchange situation.

Exports of leaf tobacco consisted mainly of dark, air-cured cigar types produced chiefly in the State of Bahia and light, air-cured varieties grown principally in the State of Rio Grande do Sul. Small shipments of domestic United States type, flue-cured leaf tobacco were made from Rio Grande do Sul, but it is not likely that substantial quantities will be exported until the quality and flavor are comparable to leaf tobacco grown in the United States.

TABLE 9.--Brazil: Exports of leaf tobacco by countries of destination, calendar years, average 1935-39 and 1940-44, annual 1945-48

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Algeria	1,998	324	3,074	419	2,370	366
Argentina	11,037	12,464	12,025	8,704	10,086	14,151
Belgium and Luxemburg	1,441	27	3,802	4,764	6,122	1,206
France	1,680	-	4,616	23,869	14,905	483
Germany	30,375	450	-	-	-	3,944
Morocco	1/	1,163	7,223	-	794	192
Netherlands	18,247	1,024	6,358	12,906	10,093	9,140
Spain	2,006	18,043	18,081	38,422	17,017	12,718
Sweden	785	1,883	3,487	617	1,098	24
Switzerland	292	2,533	4,962	7,253	5,362	2,806
Uruguay	2,397	3,226	2,131	2,180	2,022	2,485
Other	436	1,647	3,448	17,452	12,991	7,274
Total	70,694	42,784	69,207	116,586	82,860	54,789

1/ If any, included with "Other."

Compiled from data published in the Brazilian Foreign Commerce Annual and from reports of United States Foreign Service officers.

Exports of cigars from Brazil during 1948 are estimated at 1,360,000 pieces, compared with 5,368,000 pieces in 1947 and an annual average of 3,512,000 pieces for the 5 years 1935-39. The most important outlets were Argentina, Spain, and the Dutch West Indies. Exports of twist tobacco during 1948 are estimated at 1,082,000 pounds, compared with 1,323,000 pounds in 1947 and an annual average of 1,139,000 pounds for the 5 years 1935-39. Uruguay is Brazil's best market for twist tobacco. Exports of other Brazilian tobacco products are negligible.

Several varieties of Brazil's medium class cigars and leaf tobacco (particularly dark air-cured as well as light air-cured types) have very good export possibilities, especially where price is the principal factor. Long-term prospects are favorable, but the immediate outlook is clouded by the adverse foreign exchange situation.

Argentina

Argentina's leaf-tobacco production for the 1948-49 crop year is estimated at approximately 59,524,000 pounds, as compared with about 47,400,000 pounds for the 1947-48 season. This substantial increase results from governmental and industrial efforts to build up the stocks depleted by the curtailment of leaf imports as well as by the increased rate of consumption, and the long-term outlook is for an expansion of production. It is believed that a crop of 90,000,000 pounds can be grown within 5 years, provided weather and price factors are favorable. To date, the country's record crop of 65,000,000 pounds was grown in the 1945-46 season. (See table 10.)

The Argentine Government's long-standing policy of encouraging the domestic growth of foreign types of tobacco for use as substitutes for imported leaf is now receiving special attention. The Government recently authorized loans and purchase programs to encourage the domestic production of leaf; and, because of the shortage of dollar exchange, several of the country's largest tobacco manufacturers have accelerated their work of improving and expanding the production of United States types of flue-cured and Burley tobacco in the Province of Salta, where soil and climatic conditions are most favorable.

Argentina's principal leaf-tobacco growing districts are located in the northern Provinces of Corrientes, Misiones, and Salta. Leading domestic types derive their names from the Provinces in which they are grown, and the more important native types are Correntino, Misionero, and Salteno. The main exotic types are flue-cured (Virginia), Burley, and Kentucky tobaccos from the United States and Bahia varieties from Brazil. These foreign types (United States and Brazilian) now represent about 23 percent of the total production, as compared with 16 percent during the prewar period, 1936-37 through 1939-40. (See table 11.)

The estimated domestic production of all United States types for the 1948-49 season was about 10,000,000 pounds, compared with an average of approximately 2,700,000 pounds annually during the 1937-39 period. The past season's production of flue-cured leaf was placed at about 6,600,000 pounds; Kentucky fire-cured, at approximately 2,600,000 pounds; Burley, 441,000 pounds; and Maryland, at 331,000 pounds. The combined production of these types amounts to about 17 percent of the estimated 1948-49 crop. The price differential, which favors United States types over native types, has contributed greatly to the increased production of United States types. The following tabulation of prices paid to farmers in the Salta district for the 5-year period, 1936-37 through 1940-41, and the years 1946-47 and 1947-48 illustrates this differential:

Period	Flue-cured	Burley	Native
	U.S. cents	U.S. cents	U.S. cents
Average 1936-37 through 1940-41	12.4	7.8	5.1
Annual 1946-47	21.3	18.9	9.8
Annual 1947-48	24.8	17.3	11.0

TABLE 10.--Argentina: Acreage and production of tobacco by States, averages 1934-35 through 1938-39 and 1939-40 through 1943-44, annual 1944-45 through 1948-49

Province or Territory	Average 1934/35 - 1938/39		Average 1939/40 - 1943/44		1945-46	
	Acres	1,000 pounds	Acres	1,000 pounds	Acres	1,000 pounds
Corrientos	14,946	14,969	16,480	14,761	21,918	24,848
Misiones	13,256	12,656	14,504	13,054	27,838	24,542
Salta and Jujuy	4,269	4,675	7,849	8,084	15,572	14,489
Catamarca	805	556	1,017	733	745	366
Tucuman	1,079	649	775	547	1,806	602
Other	485	324	621	531	307	216
Total	34,840	33,829	41,246	37,720	68,187	65,063

	1946-47		1947-48 1/		1948-49 1/	
Corrientos	25,476	25,905	2/	22,597	27,181	32,077
Misiones	24,265	17,350	2/	12,346	11,861	13,338
Salta and Jujuy	15,667	15,057	2/	11,795	11,614	13,669
Catamarca	3/	3/	2/	3/	3/	3/
Tucuman	3/	3/	2/	3/	3/	3/
Other	2,668	903	2/	661	494	440
Total	68,076	59,215	42,007	47,399	51,150	59,524

1/ Trade estimate.
2/ Not available.
3/ If any, included in "Other."

Compiled from data published in the Boletin Tabacalero, Argentine Ministry of Agriculture, for the years 1934-35 through 1945-46 and special reports for the years 1946-47 through 1948-49.

TABLE 11.--Argentina: Production of tobacco by types, averages 1936-37 through 1939-40 and 1940-41 through 1944-45, annual 1945-46 through 1948-49

Type	Average 1936-37 thru 1939-40	Average 1940-41 thru 1944-45	1945-46	1946-47 1/	1947-48 1/	1948-49 1/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Native types						
Dark air-cured:						
Misionero	8,525	10,336	19,360	11,665	2/	8,818
Correntino	10,372	13,918	22,458	23,331	2/	30,424
Colorado	795	942	891	382	2/	-
Cuerda	1,546	1,149	1,044	1,540	2/	-
Total	21,238	26,345	43,753	36,918	29,290	39,242
Light air-cured:						
Salteno	4,865	6,888	7,100	7,876	2/	6,614
Sierra	214	77	75	32	2/	-
Total	5,079	6,965	7,175	7,908	6,260	6,614
Total native	26,317	33,310	50,928	44,826	35,550	45,856
Foreign seed types						
Flue-cured:						
Virginia-seed	918	2,693	7,165	6,928	6,929	6,614
Fire-cured:						
Kentucky-seed	1,123	1,578	2,496	2,309	3/	2,645
Light air-cured:						
Maryland-seed	560	290	184	2/	3/	331
Burley-seed	146	132	467	2/	3/	441
Total	706	422	651	888	3/	772

See footnotes at end of table

TABLE 11.--Argentina: Production of tobacco by types, averages 1936-37 through 1939-40 and 1940-41 through 1944-45, annual 1945-46 through 1948-49--Continued

Type	Average 1936-37 thru 1939-40	Average 1940-41 thru 1944-45	1945-46	1946-47 1/	1947-48 1/	1948-49 1/
Foreign seed types--continued	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Cigar type:						
Habano	408	567	1,599	1,836	2/	2/
Bahia	1,403	1,408	2,156	2,428	2/	2/
Hungaro	573	49	4/	4/	2/	2/
Total	2,384	2,024	3,755	4,264	3,000	3,197
Other foreign types	44	96	68	-	-	440
Total foreign	5,175	6,813	14,135	14,389	11,849	13,668
Grand total	31,492	40,123	65,063	59,215	47,399	59,524

1/ Preliminary.
2/ Not available.
3/ Total of Kentucky, Maryland, and Burley seed types, 1,920,000 pounds.
4/ Included with Habano

Compiled from data published in Boletin Tabacalero for 1936-37 through 1945-46, Argentine Ministry of Agriculture and special reports for 1946-47 through 1948-49.

TABLE 12.--Argentina: Imports of leaf and cut tobacco by types and calendar years, average 1937-39 and 1940-44, annual 1945-47

Type	Average 1937-39	Average 1940-44	1945	1946	1947
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Leaf tobacco:					
Cuerda (rope)	74	70	323	463	173
Bahia	12,600	12,587	11,163	13,809	11,289
Burley	75	52	153	486	1,758
Habano	1,030	862	680	358	121
Kentucky (fire-cured)	467	767	398	134	639
Maryland	-	-	-	-	-
Oriental	415	287	363	576	679
Paraguayo	1,122	1,691	1,691	1,349	1,031
Sumatra and Java	103	62	20	3	4
Virginia (flue-cured)	1,334	1,313	908	1,525	1,715
Connecticut	-	1	-	7	10
Other	-	-	62	76	86
Total leaf	17,220	17,692	15,761	18,786	17,505
Cut tobacco:					
Bahia	1	1	-	-	-
Habano	2	1	1/	-	-
British 2/	543	134	1/	1	-
United States 3/	743	1,531	974	1,214	876
Oriental	88	12	-	1	3
Total cut	1,377	1,679	974	1,216	879
Grand total	18,597	19,371	16,735	20,002	18,384

1/ Less than 500 pounds.
2/ Largely flue-cured.
3/ Largely shredded tobacco, chiefly flue-cured and Burley, ready mixed.

Compiled from data published in the Boletin Tabacalera, Argentine Ministry of Agriculture.

It is reported that the better grades of flue-cured leaf from the 1948-49 crop in the Salta district will be 20 percent higher in price than the 1947-48 harvest. In the 1947-48 crop year, the prices of low-to-high grade flue-cured leaf ranged from the equivalent of 3.06 cents to 38.73 cents per pound; prices for Burley ranged from 9.17 to 18.35 cents; and those for native types ranged from 6.11 to 11.21 cents.

During 1948, Argentina's imports of leaf tobacco, including cut tobacco in bulk, were estimated at approximately 21,000,000 pounds, compared with about 18,400,000 in 1947. The 1937-39, 3-year average import was 18,597,000 pounds. Principal sources of supply are Brazil (with dark, air-cured Bahia cigarette and cigar types) and the United States (with cigarette grades of flue-cured, Burley and Kentucky-Tennessee, and fire-cured leaf suitable for use in "Toscano" cigars). Cuba, Turkey, and Paraguay are also important sources.

The outlook for domestic manufacture of products containing United States leaf was very encouraging until mid-1948, when the shortage of dollar exchange became acute. Imports of United States leaf, with the exception of fire-cured for which exchange had been arranged, were curtailed. A strong potential demand exists for United States leaf; but, unless there is an immediate improvement in the dollar exchange situation, further sharp decreases will result. The following table shows exports of unmanufactured tobacco by types from the United States to Argentina.

TABLE 13.--United States: Exports of leaf to Argentina by types and calendar years, average 1934-38, annual 1945-48

Types	Average 1934-38	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Flue-cured	933	1,176	1,036	2,675	1,545
Burley	187	418	405	1,235	1,058
Kentucky-Tennessee fire-cured	130	107	129	437	894
Cigar leaf	1/	27	35	147	47
Other types	218	-	-	-	-
Total	1,468	1,728	1,605	4,495	3,544

1/ Less than 500 pounds.

Compiled from records of the U.S. Department of Commerce, Bureau of the Census.

Imports of manufactured tobacco products into Argentina during 1948 were estimated at 350,000 pounds compared with about 50,000 pounds in 1947 and an average of approximately 700,000 pounds annually for the 5 years 1935-39. Prior to World War II, these imports consisted principally of cigars, which came mainly from Italy and Cuba, and cigarettes and packaged smoking tobacco, largely from the United States and the United Kingdom. Today, Argentina's imports of tobacco products are confined chiefly to cigarettes and smoking tobacco, mainly from the United States, and small quantities of cigars, from Cuba. Because of the exchange situation, the outlook for the importation of tobacco products is unfavorable. There was a sharp decline in 1948, and further decreases are anticipated. Exports of tobacco products from the United States to Argentina are given in the following table:

TABLE 14.--United States: Exports of specified tobacco products to Argentina, calendar years, average 1934-38, annual 1947-48

Year	Cigarettes	Cigars including cheroots	Smoking tobacco
	1,000 pieces	Pieces	Pounds
Average			
1934-38	63,643	112,000	640,000
Annual			
1947	183,682	361,000	733,000
1948	60,850	8,000	392,000

Compiled from records of the U. S. Department of Commerce, Bureau of the Census.

The manufacture of machine-made cigarettes in Argentina during 1948 is estimated at approximately 16 billion pieces as compared with 15.1 billion in 1947 and a 5-year (1935-39) average of about 9 billion pieces. Consumption of domestic machine-made cigarettes has risen steadily as a result of increased purchasing power and the growth in the number of cigarette smokers. The increase in the over-all consumption of domestic machine-made cigarettes is expected to continue.

The production of cigars during 1948 is estimated at approximately 560 million pieces, compared with about the same number in 1947 and an average of 565 million pieces for the 4 years 1936-39. The most popular brands of cigars are of the "Toscano" variety; and the volume of sales in this category is expected to hold up well, provided adequate supplies of Kentucky-Tennessee fire-cured leaf from the United States are obtainable.

The domestic manufacture of smoking tobacco during 1948 was estimated at approximately 3,000,000 pounds, compared with about 3,400,000 pounds in 1947 and an annual average of 8,500,000 pounds for the 5 years 1935-39. This smoking tobacco was manufactured principally from strong, dark tobacco; and it is believed that the trade will continue to yield in favor of milder tobacco products, particularly machine-made cigarettes. The output of chewing tobacco and snuff is insignificant.

Argentine exports of leaf tobacco during 1948 are estimated at 2,500,000 pounds, compared with approximately 4,500,000 pounds in 1947 and an average of 180,000 pounds for the 5 years 1935-39. The bulk of this leaf consists of dark air-cured, native types grown in Misiones and smaller quantities of lighter varieties produced in Corrientes and Salta.

TABLE 15.--Argentina: Exports of leaf tobacco by countries of destination, calendar years, average 1935-39 and 1940-44, annual 1945-47

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Switzerland	111	264	1,353	2,567	260
France	9	1/	1/	725	440
Spain	-	1,296	-	825	2/
Belgium	54	1/	1/	5,139	1,489
U.S.S.R.	1/	1/	1/	335	1,465
Other	6	17	230	483	827
Total	180	1,577	1,583	10,074	4,481

1/ If any, included in "Other."
2/ Less than 500 pounds.

Compiled from data published in the Boletin Tabacalero, Argentine Ministry of Agriculture.

During prewar years, Belgium and Switzerland were Argentina's most important export markets for leaf tobacco. The principal outlets in 1947 and 1948, in addition to these two countries, were France and the Union of Soviet Socialist Republics. During 1946 and 1947, numerous small, trial, export shipments of domestically grown, United States types were made to Europe, Paraguay, and Bolivia. However, only one shipment of these types was made during 1948--a shipment of 2,200 pounds of Maryland-type leaf to Belgium. It is not likely that substantial quantities of United States types will be exported in the near

future, as they are not comparable in quality and flavor with leaf produced in the United States.

Argentina's exports of cigarettes during 1948 are estimated at about 20,000,000 pieces, compared with approximately 24,000,000 pieces in 1947 and an average of 800,000 pieces for the 5-year, 1935-39 period. The chief destinations are the United Kingdom, Switzerland, and countries bordering the Argentine.

Argentina's exports of other tobacco products are insignificant, although small quantities of dark, air-cured cut tobacco and twist are shipped to Bolivia and Paraguay. Prospects for increased exports are not favorable, because of the exchange situation and because the trend in demand abroad is toward brighter and milder tobacco products.

Colombia

Production of leaf tobacco in Colombia has increased steadily for many years. The Government and the leading tobacco manufacturer lent encouragement to tobacco growers by furnishing seed and technical assistance and providing price incentives. Dark, native air-cured, coarse types predominate, but fair-to-good quality Cuban and Sumatra varieties represent about one-third of the domestic production of leaf. Suitable areas for raising native leaf are said to be relatively unlimited.

Colombia's 1948-49 crop of leaf tobacco is estimated at approximately 46,000,000 pounds, compared with about 40,000,000 pounds for the 1947-48 season and an average of 29,700,000 pounds, annually, for the 5 years, 1935-36 through 1939-40. If the 1948-49 estimate materializes, Colombia will harvest a record tobacco crop.

TABLE 16.--Colombia: Production of leaf tobacco, average 1935-36 through 1939-40 and 1940-41 through 1944-45, annual 1945-46 through 1948-49

Crop year	Acreage	Production
	1,000 acres	1,000 pounds
Average		
1935-36 through 1939-40	1/ 37	29,706
1940-41 through 1944-45	1/ 22	1/ 26,995
Annual		
1945-46	32	35,785
1946-47	37	41,006
1947-48 2/	39	39,683
1948-49 2/	40	46,300

1/ Less than a 5-year average. 2/ Preliminary

Compiled from reports of Foreign Service officers and trade estimates.

The largest producing area is the Santandar, where about two-thirds of the Colombian cigarette leaf is grown. Approximately two-thirds of the country's cigar leaf is raised in Valle de Cauca. Export types are at present grown exclusively in Bolivar, which is now Colombia's second leaf-producing center. The principal types are dark, air-cured cigar fillers--one known as "Cubita," used in Belgium, and the other called "Carmen," used principally in France in the manufacture of cigarettes. Important quantities of filler grades are also produced in the Departments of Antioquia and Tolima.

Consumers have shown a preference for milder, brighter tobaccos. Colombia's native leaf is dark and strong. As domestic consumption has risen, leaf imports have increased considerably. During 1947, imports were estimated at approximately 365,000 pounds, compared with averages of 228,000 pounds for the 5-year, 1942-46 period and 138,000 pounds for the 1935-39 period. Currently, imports of United States flue-cured and Burley leaf predominate, although small lots of Turkish and Greek leaf are brought in for blending with United States and native types in the manufacture of cigarettes. Small quantities of United States leaf are also used in smoking-tobacco mixtures and cigars.

In 1947, Colombia imported about 300,000 pounds of United States leaf, compared with averages of about 150,000 pounds per year for the 5 years, 1942-46 and 82,000 pounds for the 1935-39 period. Unless the shortage of exchange prevents, imports of flue-cured and Burley are expected to increase.

From the beginning, United States blended cigarettes captured and held the market for imported brands in Colombia. Imports of approximately 600 million pieces are reported for 1947, as compared with averages of about 320 million pieces for the 1942-46 period and 135 million pieces for the 1935-39 period. However, due to exchange restrictions, a decrease in imports of United States cigarettes is predicted. The importation of cigars is now prohibited. Imports of other tobacco products are insignificant.

The manufacture of cigarettes in Colombia has progressed steadily, and the most important mechanized factories are located at Medellin, Bogota, Cali, and Bucaramanga. During 1947, 410,580,000 packets containing 18 cigarettes each were manufactured, as compared with averages of 262,368,000 for the 1942-46 period and 208,224,000 packets for the 5 years 1936-40. In 1948, a total of about 450,000,000 packets is forecast and a further increase in production is forecast for the future.

Medellin and Bucaramanga are the principal cigar-producing centers. An average of 7.5 million pounds of cigars was produced during the 5 years 1941-45, as compared with 8.2 million pounds for the 1936-40 period, and a further decrease is expected during the next few years.

For many years, Colombia has exported significant quantities of leaf tobacco. During the prewar years, 1935-39, an average of about 6.5 million pounds was exported annually. Of this quantity, about 5.5 million pounds went to Germany; 566,000 pounds, to France; and 193,000 pounds to the Netherlands. (See table 17.) Although most of this trade was lost during the war, Colombia's exports for the past few years exceeded the prewar level, moving particularly to France, the Netherlands, and Belgium. Indications are that this increase in exports of leaf tobacco will continue.

TABLE 17.--Colombia: Exports of leaf tobacco by countries of destination, calendar years, average 1935-39 and 1940-44, annual 1945-47

Country of destination	Average 1935-39	1940 1/	1945	1946	1947 2/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Germany	5,456	-	-	-	3/
Belgium	7	-	-	319	3/
United States	73	1	715	-	3/
France	566	780	-	5,755	3/
Netherlands	193	2,259	-	690	3/
Other	177	-	11	89	3/
Total	6,472	3,040	726	6,853	7,757

1/ 1940 only. 1941, no exports; 1942, Uruguay 14; 1943, Uruguay 7; 1944, Uruguay 1 and British West Indies, 13.
2/ Preliminary.
3/ Not available.

Compiled from data published in the Anuario de Comercio Exterior, Government of Colombia.

The tobacco industry of Colombia is controlled by the Government, which is capably assisted by the well directed Compania Colombiana de Tobaco.

TABLE 18.--Colombia: Export prices of tobaccos grown in the Department of Bolivar, Colombia, and exported to Europe, 1948

Types of tobacco	1948 Export prices, f.o.b. Barranquilla, in U.S. equivalents
	Cents per pound
Tobaco "Criollo Carmen"	
Primera Especial	29.5
Primera Corriente	22.7
Segunda	20.4
Tercera	18.1
Tobaco "Cubita"	
Primera or Capa Abierto	54.4
Segunda or Capote Abierto	47.6
Primera or Capa Cerrado	49.9
Segunda or Capote Cerrado	40.8
Rotos	24.9
Tercera	20.4

Paraguay

Leaf tobacco was found in Paraguay by the Spanish, early in the eighteenth century. It was known to the Indians as "Petу" and was probably Nicotiana tabacum--a species indigenous to the country. All of the tobaccos now grown are varieties of Nicotiana tabacum; and dark, air-cured cigar types predominate, but important quantities of non-cigar, air-cured types are also produced and exported. These possess good, light brown color, good body, and combustion; but they are somewhat deficient in aroma. In appearance, the export types are somewhat similar to United States Virginia sun-cured and Green River types. Small quantities of a leaf that somewhat resembles our Ono Suckor varieties are also grown. Much of the native Paraguayan tobacco has been crossed with foreign types, principally those from Brazil and Cuba. Bahia types from Brazil have flourished, and this cigar leaf is now replacing imported Bahia leaf. Promising results have been obtained from very small, trial plantings of tobacco originating from Kentucky dark-fired seed; but experiments with flue-cured types have resulted in failure, because of insect damage. At present, it is planned to continue experiments with foreign types and to improve cultural practices generally. Government agricultural agencies and cigarette manufacturers are now working closely with the growers. The Bank

of Paraguay guarantees minimum prices to the growers, fixes prices for export, and assists with the sale of export leaf.

Paraguay is bordered by the Rio Parana on the south and the Rio Paraguay on the east. Tobacco is grown mainly in the southeastern part of this land-locked country, in the districts of Caraguatay, Yhu, Paraguari, Quiindy, and Caazapa. Production during the 5 years 1935-36 through 1939-40 averaged about 17,792,000 pounds and an average of approximately 14,771,000 pounds was grown from 1940-41 through 1944-45. During the 1946-47 and 1947-48 seasons, bumper crops of 27,558,000 and 24,250,000 pounds, respectively, were reported. The trade's estimate is that the 1948-49 crop will approximate 25,000,000 pounds, with a decrease in the proportion of export types; and it is believed that production could be doubled within 10 years, provided that growing conditions and prices are favorable.

TABLE 19.--Paraguay: Acreage and production of leaf tobacco, average 1935-36 through 1939-40 and 1940-41 through 1944-45, annual 1945-46 through 1948-49

Crop year	Acreage	Production
	1,000 acres	1,000 pounds
Average		
1935-36 through 1939-40	22	17,792
1940-41 through 1944-45	14	14,771
Annual		
1945-46	19	24,989
1946-47	22	27,558
1947-48	20	24,250
1948-49 1/	21	25,000

1/ Preliminary.

Compiled from official and trade sources.

The tobacco-manufacturing industry of Paraguay is centered in Asuncion, where there are three privately owned, mechanically equipped, tobacco factories. Two other establishments in that city produce practically all of Paraguay's high-grade, hand-made cigars. Cheap cigars are made in thousands of homes, and very large quantities of twist for chewing and pipe-smoking purposes are also made up-country. Machine production is confined largely to cigarettes and common cigars, but small quantities of cut tobacco for pipe-smoking and roll-your-own cigarettes are also produced mechanically.

There is a definite shift in consumer demand from cigarettes made entirely from dark, air-cured cigar-type leaf to the blended cigarettes, some of which contain United States flue-cured and Burley mixed with a small quantity of oriental tobacco. Others contain a blend of these imported tobaccos mixed with domestic tobacco. There are also straight domestic blends. Several brands of blended cigarettes, put up in attractive American-style 20's-cup packets, are meeting with success.

Since a few years prior to the war, when the average production was about 160 million pieces, the consumption of machine-made cigarettes has increased steadily. Cigarette manufacturers estimate that 475 million cigarettes will be produced during 1949, almost treble the prewar level. Most of the increased volume of business has been gained at the expense of roll-your-own cigarettes and cigars. During the war, the sale of cigars, on an average, was about 11,600,000 pieces per year. Current official figures are not available, but cigar manufacturers believe that a decrease of about 50 percent has taken place in this trade in recent years. Further, they expect this downward trend to continue because of the consumer preference for machine-made cigarettes.

Imports of leaf tobacco into Paraguay are small, currently averaging about 30,000 pounds of leaf and approximately 115,000 pounds of scrap and stems per year, practically all of which come from Brazil. The imports of tobacco products are largely confined to cigarettes, which come principally from the United States. Imports of cigarettes averaged about 900,000 pieces for the 5 years, 1935-39. During the 1941-45 period, average imports increased to approximately 1,200,000 cigarettes. Imports for 1946 and 1947 trebled to about 3,825,000 and 3,599,000 pieces, respectively. Figures for 1948 are not available, but a large decrease is expected due to the shortage of dollar exchange.

Paraguay's tobacco exports consist mainly of leaf tobacco, the bulk of which normally is shipped to Argentina and Uruguay, although some moves through these countries in transit to western Europe and Czechoslovakia. From 1942 through 1946, the average export figure was about 10,200,000 pounds; whereas in the prewar, 1935-39 period it approximated 7,800,000 pounds annually. (See table 20.) Exports dropped to approximately 7,330,000 pounds during 1947. Scrap and twist exports, included in these figures averaged about 210,000 and 375,000 pounds, respectively, during the 1942-46 period. Exports of scrap and twist, during 1947, amounted to 271,000 and 44,400 pounds respectively. Figures for 1948 are not available; but, due to the shortage of exchange in Europe and blocked shipments to Argentina, exports are expected to decline further.

Exporters are greatly concerned about the heavy carry-over of tobacco stocks. The 1946-47 crop has been sold, but the trade stated, early in 1949, that export stocks from the 1947-48 crop totaled about 11 million pounds on January 1, 1949. Another large crop was in prospect for harvest early in 1949, and further stock accumulations are anticipated. Prices for

unclassified export types at Asuncion were cut during 1948 and averaged 8.62 cents per pound in United States equivalents, with a high of 10.43 cents and a low of 7.26 cents. The 1947 average was equivalent to 11.79 cents, with a high of 12.70 cents and a low of 10.89 cents.

TABLE 20.--Paraguay: Exports of leaf tobacco by countries of dostination, calendar yoars, averagos 1935-39 and 1940-44, annual 1945-48

Country of dostination	Averago 1935-39	Averago 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Argentina	1,888	2,334	1,600	1,809	2,104	1/
Argentina, in transit	2,309	373	2,404	2,323	928	1/
Nothorlands	1,288	9	-	571	-	1/
Uruguay	452	1,333	4,595	2,683	1,097	1/
Uruguay, in transit 2/	17	1,838	1,732	7,264	3,609	1/
Other	1,792	144	52	-	-	1/
Total	7,746	3/ 6,031	10,383	14,650	7,738	5,305

1/ Country breakdown not availablo.
2/ Dostinod mainly for Holland, Franco, and Czechoslovakia.
3/ Includes 494,232 pounds of black rope tobacco in 1940 and 708,417 pounds in 1941.

Compiled from data published in Memoria do la Direccion General, Paraguayan Ministry of Agriculture, Commorco, and Industry and from roports of United States Foroign Servico officors.

The outlook for Paraguay's non-cigar, air-cured export leaf typos is favorablo, particularly in markots whoro price is a potent factor and the foroign oxchango situation doos not interforo.

Peru

The tobacco industry of Peru is completely controlled by the Government; and the Estanco Del Tabaco, which has its head office and main tobacco factory at Lima, operates the business. This factory is quite modern; and a range of cigarette brands, fairly good cigars, and various cut tobaccos are produced. There is no manufacture of snuff or chewing tobacco and no export of leaf or tobacco products.

During the 5-year, 1943-47 period, the average annual production of cigarettes approximated 1.5 billion pieces--about double the average quantity produced during the 5 years 1935-39. There is a wide range in domestic varieties of cigarettes, including brands containing flue-cured and Burley leaf from the United States mixed with a small percentage of Turkish, one-straight Turkish blend, several blends of Cuban and native leaf, and six brands of cigarettes made entirely of native leaf. The shift in consumer preference is definitely toward American-type blended cigarettes, and this trend is expected to gain momentum.

An average of about 1.3 million cigars was produced during the 5 years 1943-47, compared with about 1 million pieces per year during the 1935-39 period. Pipe-tobacco production was about 1,320 pounds per year during the 1943-47 period, compared with an average of 880 pounds for the 1935-39 period. This trade is expected to decline in favor of milder products.

The production of leaf tobacco in 1947-48 in Peru--the third largest country in South America--was estimated at approximately 3,200,000 pounds grown on around 3,600 acres, about double the quantity harvested 10 years ago. This season (1948-49), a crop of 3,500,000 pounds from approximately 3,700 acres is expected. It is said that there is enough suitable land to double the current tobacco production within the next 10 years, and plans are being made for steady expansion.

The bulk of the leaf-tobacco production of Peru is of the dark, air-cured, cigar type, some of which is crossed with Cuban and Sumatran varieties. Production is encouraged by the Government through technical assistance programs, by advancement of funds, and through the use of price incentives. The principal areas of production are Tumbes (where about two-thirds of Peru's leaf tobacco was grown during the past decade), Tarapota, and Jaen.

Imports of leaf from the United States, principally of flue-cured and Burley, showed a steady increase during the past 5 years (1943-47); and an average of approximately 240,000 pounds was received during this period, compared with about 45,000 pounds, annually, during the 1935-39 period.

Average imports into Peru from all sources for the 5-year, 1943-47 period were about 550,000 pounds. Cuba is the largest supplier, but small quantities are received from Turkey and Greece.

Imports of cigarettes from the United States increased considerably. About 111 million pieces were imported in 1947, compared with 94 million in 1946 and an average of 10 million during the 1934-38 period. Cigars are imported principally from Cuba, and smoking tobacco comes chiefly from the United States, although very small lots of the latter are received from England. A decline in the imports of manufactured products is expected, but imports of leaf from the United States (mainly flue-cured and Burley) should increase, unless blocked by shortage of dollar exchange.

Ecuador

The tobacco industry of Ecuador is similar to that of Peru in that it is controlled by the Government and operated by the Estanco Des Tabacos, which maintains offices and tobacco factories at Quito and Guayaquil. About 80 percent of Ecuador's domestic tobacco products are manufactured at Guayaquil. Cigarettes account for the bulk of the output. The outturn during 1947 was 811 million pieces, compared with 726 million in 1946 and about 600 million pieces during the immediate prewar years. Current annual production of cigars is about 25 million pieces, compared with approximately 50 million just prior to the war. Smoking tobacco is also manufactured, but the volume is insignificant. There is no production of chewing tobacco or snuff.

Ecuador's leaf tobacco is preponderantly dark air-cured, although some native types have been crossed with Cuban and Sumatran varieties. The largest production areas are in the Provinces of El Ora and El Guayas, but important quantities of better, lighter leaf are grown in the Province of Esmeraldas. It is planned to produce larger quantities in this area. The Estanco states that there is sufficient suitable land in Ecuador to treble the over-all production of leaf tobacco, which averaged approximately 3,500,000 pounds during the last few years--about 10 percent above the prewar level.

There is an increased demand for milder and brighter cigarettes, evidenced by the steady rise in the sale of United States type, blended cigarettes. During 1947, Ecuador imported 166 million cigarettes from the United States, compared with 59 million in 1946 and an annual average of 6.7 million for the 5 years, 1934-38. This comprised the major portion of Ecuador's imported tobacco products, but small quantities of cigars and smoking tobacco, mainly from the United States and Cuba, were also brought in. Because of the

definite consumer preference for American-type blended cigarettes, it is probable that the Estanco will purchase United States flue-cured and Burley tobacco in order to produce blended type cigarettes in Ecuador.

There are no significant exports of leaf or tobacco products from Ecuador.

Chile

Valparaiso is the center of Chile's tobacco-manufacturing industry, although important quantities of tobacco products are produced at San Fernando. Chile's range of domestic tobacco products includes cigarettes, cigars, pipe tobacco, plug tobacco, and snuff. Consumers are offered a wide variety of cigarettes, including straight Virginia types made entirely of flue-cured leaf from the United States and brands containing a blend of imported flue-cured, Burley and oriental leaf. These products are selling well and consumption has increased steadily at the expense of smoking tobacco and cigars. The cigarette output for 1948 was estimated at about 5,000,000,000 pieces, compared with 4,867,000,000 in 1947 and an annual average of 3,960,000,000 pieces for the 5 years 1935-39.

Chile has practically achieved self-sufficiency with regard to its tobacco requirements, and its imports are therefore small. During 1948, 840,000 pounds of leaf tobacco was imported, about the same quantity as that imported in 1947. Cuba and the United States were the principal sources of supply. Imports of tobacco products during 1948 totaled only 21,600 pounds and consisted chiefly of cigarettes from the United States and cigars from Cuba.

There are no exports of leaf or tobacco products from Chile. The bulk of the leaf tobacco is produced in the Province of Aconcagua, but important quantities are grown in the Provinces of Colchagua and O'Higgins. Chile's leaf production in 1948-49 was estimated at 17,207,000 pounds, or about 37 percent more than the 12,546,000 pounds produced during the 1947-48 season. The average for the 5 years 1935-36 through 1939-40 was 16,600,000 pounds. Chile's principal types of leaf tobacco are dark air-cured varieties, some of which are descended from plants originating in Paraguay and Cuba. Test plantings of United States flue-cured types have proved fairly successful; but, although the quality is good, the volume is small. In tests, United States Burley and Maryland types grown in Chile have not been satisfactory.

Uruguay

Uruguay's leaf tobacco is grown chiefly in the floodlands of the Santa Lucia River. For many years, the center of production has been in the Department of Canlores, where about 87 percent of the crop is produced. Practically all of the remainder is grown on the same side of the river in the Departments of Florida and San Jose. The major portion is dark cigar-type leaf, said to have originated in Brazil and Paraguay. Trial plantings of flue-cured have been made, but this type has not as yet been successfully grown.

Tobacco-growing in Uruguay is a family project. Tobacco farms have increased from about 550 in prewar years to approximately 700 at the present time. The area under cultivation has increased during this period from about 1,480 acres to about 1,975 acres.

During 1946-47, the total leaf production was approximately 2 million pounds, compared with an average of about 1.3 million pounds during the 5-year period, 1937-38 through 1941-42. The trade states that the production goal for 1948-49 is about 2.2 million pounds and that a further increase is contemplated during the next few years.

Imports of leaf tobacco were approximately 4.4 million pounds in 1947, compared with 8.2 million pounds in 1946 and an average of 5.3 million pounds during the 5-year period, 1937-41. Most of this tobacco came from Brazil and Paraguay, although small lots were received from the United States and Cuba.

A total of 741,000 pounds of leaf tobacco was imported from the United States in 1946-47, compared with 640,000 pounds in 1945-46 and an average of about 230,000 pounds in prewar years. The major portion of the imports from the United States in recent years has been comprised of flue-cured leaf, and the remaining imports have been of fire-cured and Burley leaf. Imports of flue-cured and Burley leaf are expected to increase, as these types are used in United States blended-type cigarettes for which there is a growing demand. Flue cured leaf is also used in straight Virginia-type cigarettes and smoking mixtures.

Montevideo is the center of Uruguay's tobacco-manufacturing industry. Five companies control about 95 percent of the machine-made cigarette business and the bulk of the cut tobacco trade. These companies furnish tobacco seed and technical assistance to growers and control the "Cooperatina Tabacalera Uruguaya S. A.," which is an organization that distributes tobacco products with the entire country as its market. The five, big, cigarette manufacturers appear to have a tobacco set-up which functions efficiently and works closely with the Government.

Uruguay's tobacco users are mainly smokers of roll-your-own cigarettes. The trade estimates that, although this business is yielding to machine-made cigarettes, tobacco for about 2 billion roll-your-own cigarettes will be

used during 1949. Most consumers prefer dark cigarettes made of twist (cuerda), which is imported from Brazil and Paraguay, mixed with native leaf. However, during recent years, there has been an increased consumer demand for straight flue-cured and United States blended type cigarettes, but 90 percent of Uruguay's consumption is still of cigarettes made from dark types of leaf.

According to reliable trade sources, sales of domestic machine-made cigarettes trebled prewar levels, rising to a level of 48.6 million packets during 1947 and an even greater level in 1948. The leading cigarette manufacturers believe that the majority of the roll-your-own smokers can be converted to machine-made cigarettes. Trade sources also reported that cigar sales declined from a prewar average of 12 million to about 8.6 million pieces during 1947; that snuff sales had declined to a rate of approximately 2,600 pounds per year; and that there is no manufacture or sale of chewing tobacco in the country.

Cigarettes make up the bulk of Uruguay's imports of manufactured tobacco products, and about 85 percent of these cigarettes are imported from the United States. The remainder are principally standard English, straight Virginia brands. Cigars come chiefly from Brazil, Argentina, and Paraguay, although small lots for sale to the luxury trade are received in steadily declining quantities from Cuba and the United States.

Uruguay has no export trade in tobacco, nor does it contemplate any. It occasionally sells slightly damaged cigarettes as ships' stores.

Nicaragua

The tobacco-production pattern in Nicaragua exemplifies the trend that has existed in many Latin American countries. Prior to World War I, native leaf tobacco in Nicaragua was exclusively of the strong, black-and-dark cigar type known as "Chilcagre." This leaf was used principally in fashioning cigars and cigarettes by hand. Shortly after World War II, leaf production in Nicaragua was reported at an average of about 1,000,000 pounds per year. Of this production, 60 percent was of the "Chilcagre" type and the remainder was of United States flue-cured types. During the 1947-48 and 1948-49 seasons, the production of United States flue-cured types received special attention, and the quantity and quality of the leaf was much improved, particularly in the Departments of Masaya and Ometepe, where over 90 percent of Nicaragua's leaf tobacco is produced. During the 1948-49 season, no "Chilcagre" tobacco or other dark cigar-type leaf was grown, but a record crop of flue-cured leaf was produced. The 1948-49 crop of 1,042,000 pounds compares with 298,000 pounds of flue-cured leaf grown during the severe drought season of 1947-48 and an average of 413,000 pounds annually for the 5 years 1942-43 through 1946-47. Prices to farmers for flue-cured leaf from the 1948-49 crop ranged from a low equivalent to 20 United States cents per pound to a high of 36 cents.

During World War I, consumers showed a preference for better made, milder tobacco products. This was evidenced by a shift from strong, dark, hand-made cigarettes and small cigars to machine-made cigarettes. Some of these machine-made cigarettes were English-type straight Virginia and others were United States type, blended cigarettes. This shift to better made, milder cigarettes continued and the demand for United States type, blended cigarettes became even more pronounced after World War II. Manufacturers catered to this demand by producing domestic brands packed in American-style 20's-cup packets containing a blend of United States flue-cured and Burley tobacco mixed with oriental leaf. One of these domestic brands, which sells at the equivalent of 20 United States cents per packet compared with 40 United States cents for imported popular United States brands, has provided serious competition for the imported blended cigarettes.

Imports of cigarettes from the United States during 1947 totaled 3,777,000 pieces, compared with 4,800,000 in 1946 and an annual average of 280,000 pieces for the 5 years, 1934-38.

Manufacturers in Nicaragua also make cigarettes containing varying percentages of imported leaf blended with locally grown, United States flue-cured types. Nicaragua's consumption of leaf tobacco and cut blended cigarette tobacco from the United States during 1948 almost trebled that of prewar years. Imports during 1948 approximated 480,000 pounds, compared with an average of about 175,000 pounds for the 5 years, 1935-39 and are expected to exceed 500,000 pounds during 1949.

The domestic production of machine-made cigarettes for the year ending September 1948 was 511,000,000 pieces, compared with 448,000,000 for the year ending September 1947 and an average of 180,000,000 during the 5 years 1935-39. The outlook for the increased production of domestic cigarettes is favorable; but, inasmuch as price is a factor, imports of leaf and tobacco products from the United States are expected to decline.

Nicaragua has no exports of leaf tobacco or tobacco products.

Honduras

The only mechanized tobacco factory in Honduras is located at San Pedro Sula. The annual consumption of machine-made cigarettes in that country in 1947 and 1948 was estimated at about 480 million pieces, or three times the prewar (1935-39) average of 160 million pieces. Production in 1949 is expected to reach about 500 million pieces, and it is believed that this rate of increase will be maintained for several years.

A change in demand from hand-made cigarettes containing native black or dark, cigar-type leaf to the higher class machine-made product is evident. Some of these cigarettes are made entirely of tobacco imported from the

United States; others are manufactured from a blend of imported tobacco and locally grown, United States type leaf. These cigarettes are well made and are sold in attractive American-type packets. One brand is marketed in a packet identical to that of its namesake in the United States and retails at the equivalent of 30 cents. Leading brands of imported United States blended cigarettes are priced to the consumer at the equivalent of 40 cents per packet of 20. Cigarettes made from imported leaf mixed with domestically grown, flue-cured leaf sell at the equivalent of 20 cents. A well filled, machine-made cigarette, manufactured entirely from native leaf, sells at the equivalent of 5 cents per packet of 20. Cigarettes of the latter class are cutting into the local hand-made cigaretto-and-cigar trade; and the higher quality, locally manufactured, brands are affecting the sale of imported cigarettes.

Prior to the war, average imports of leaf from the United States were about 20,000 pounds per year. In recent years, annual imports of United States leaf averaged about 80,000 pounds, practically all of which was flue-cured. The imported leaf is utilized in the manufacture of cigarettes.

Accurate records of prewar tobacco production in Honduras are not available, because large quantities crossed the border into Guatemala and El Salvador under free trade arrangements. The 1948-49 crop is estimated at about 4 million pounds. Prices are expected to range between the equivalents of 7.5 and 12.5 United States cents per pound.

During the past few years, about 60,000 pounds of flue-cured leaf were grown each year. So far, trial plantings of Burley have not been successful. Interest in locally produced, flue-cured tobacco will continue, but there is no indication that this will materially affect imports of this type of leaf from the United States.

El Salvador

San Salvador is the center of El Salvador's tobacco-manufacturing industry. The domestic manufacture of machine-made cigarettes is more than treble that of prewar years. The 1935-39 average was about 145 million pieces; the 1943-47 average, approximately 300 million pieces; and production in 1948 is estimated at about 480 million pieces. Cigarette production is expected to continue to increase for at least the next 3 or 4 years.

Prior to World War II, little tobacco was grown in El Salvador. During the past few years, however, domestic production of leaf has averaged about 1 million pounds. Flue-cured leaf, which was first grown in 1928, represented about 50 percent of the prewar crop. Currently (1948-49), the production of flue-cured leaf is estimated at about 750,000 pounds and

air-cured leaf at approximately 150,000 pounds. This small crop results from adverse growing conditions. Leaf experts in San Salvador expect a continuation of the trend toward an increase in the growth of flue-cured leaf. However, curtailment of imports of this type of leaf from the United States is not expected. Attempts to produce Burley tobacco domestically have not been successful.

El Salvador's imports of flue-cured leaf from the United States increased greatly during the past decade. Small quantities of Burley, together with a little Turkish tobacco, also were imported. During 1948, a total of 509,000 pounds was imported from the United States, compared with 349,000 in 1947. Larger imports of these types are anticipated, because it is believed the demand for the United States type, blended cigarette will steadily increase.

El Salvador will probably continue to be dependent upon Honduras for its requirements of dark leaf. It is estimated that an average of about 450,000 pounds of dark cigar-type leaf was imported from Honduras in prewar years. The 5-year average, 1943-47, is placed at 3,000,000 pounds. About 80 percent of this Honduran leaf was used in the manufacture of cigarettes, and the major part of the remainder was used in making cigars.

Guatemala

In Guatemala, there is a definite shift in consumer demand from cigarettes made entirely of the black or dark, cigar-type leaf to the United States type, blended cigarettes. The trend is toward a higher quality cigarette, and competition is very keen. Manufacturers, in catering to this new demand, are improving their products and offering consumers cigarettes made from: (1) a blend of United States leaf and a small quantity of Turkish; (2) imported tobacco blended with locally grown, flue-cured leaf, and (3) a percentage of flue-cured leaf blended with dark domestic leaf. These blends are quite good. Cigarettes are put up in standard, cellophane-wrapped packets and priced to the consumer at the equivalent of 25 U.S. cents, as compared with 60 cents for leading imported American brands. The production of machine-made cigarettes has doubled during the past 10 years, the 1948 output amounting to about 1 billion pieces.

In Guatemala as in El Salvador, the bulk of the tobacco utilized in prewar days in the manufactured products was the black or dark cigar-type from Honduras. The quantity of tobacco used in prewar years was, on the average, about 1,850,000 pounds annually, of which approximately 1,450,000 pounds was utilized in the manufacture of cigarettes, and the remainder was used in cigars. At the present time, domestic factories consume about 3,200,000 pounds of leaf in the manufacture of cigarettes and about 400,000 pounds in cigars. Of this quantity, approximately 10 percent, primarily of flue-cured leaf, is imported from the United States. Flue-cured leaf is produced locally; however,

there is little likelihood that this production will materially affect the importation of leaf from the United States for a number of years. Guatemala is now producing sufficient quantities of dark leaf for its normal domestic requirements.

Panama

The production of leaf tobacco in Panama is of little commercial significance. About 10,000 pounds of leaf are grown annually by hundreds of natives in the interior, primarily for home consumption. There is no manufacture of cigarettes or smoking tobacco, and only negligible quantities of cigars are produced. Practically all tobacco and tobacco products used in Panama are imported. Currently, the United States supplies about 95 percent, and Cuba is the source of the bulk of the remainder. Average annual imports into Panama and the Canal Zone, by classes, are approximately as follows: cigarettes, 1,615,000 pounds (650,000,000 pieces); chewing tobacco, 175,000 pounds; leaf, 85,000 pounds; smoking tobacco, 35,000 pounds; and cigars, 9,500 legal kilos. The immediate outlook for increased imports from the United States is not favorable, as a result of the fact that there is less money in circulation as well as a general tightening of credit. The long-term view is that the very strong position held by the United States in Panama's tobacco trade will continue, at least as far as our proportion of the total business is concerned.

Cuba

Immediate prospects for the increased consumption and exportation of Cuban manufactured tobacco products and leaf are favorable. The long-term outlook, however is dependent upon the dollar exchange situation and the economic condition of the country. The latest trade forecast for the production of leaf tobacco during the 1948-49 crop year is approximately 60 million pounds, somewhat larger than the official estimate of 56.4 million pounds produced in 1947-48 and about 18 percent above the prewar level.

TABLE 21.--Cuba: Acreage and production of tobacco, 5-year average 1935-36 through 1939-40 and 1940-41 through 1944-45; annual 1945-46 through 1948-49

Crop year	Area	Production
	Acres	1,000 pounds
Average		
1935-36 through 1939-40	107	50,833
1940-41 through 1944-45	109	53,152
Annual		
1945-46	151	84,683
1946-47	140	78,210
1947-48	106	56,395
1948-49 1/	134	60,000

1/ Preliminary.

Compiled from reports of U.S. Foreign Service officers.

During 1948, approximately 429 million cigars were produced. This was an increase of about 150 percent over prewar figures and 10 percent above the 1947 production.

The output of domestic cigarettes in 1948 was about 7,673 million pieces. This was an increase of nearly 60 percent over prewar levels and approximately 5 percent above 1947.

About 140,000 pounds of pipe tobacco was produced during 1948, as compared with 127,000 pounds in 1947 and an average of 132,000 pounds annually for the 5 years 1936-40. The production of chewing tobacco, snuff, and other tobacco products is insignificant.

Cuba exported about 32,322,000 pounds of leaf tobacco during 1948, compared with 31,667,000 pounds in 1947 and a prewar average of 27,712,000 pounds. The United States, Spain, and Canada are the principle importers. Other important outlets last year were the Netherlands and Uruguay. (See table 22.)

TABLE 22.--Cuba: Exports of leaf tobacco by countries of destination and calendar years, average 1935-39 and 1940-44, annual 1945-48

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Germany	3,501	-	-	-	-	188
Netherlands	1,095	137	-	521	1,151	788
Spain	5,223	3,039	855	9,219	2,225	8,666
Sweden	587	282	244	275	684	349
United States	13,861	22,693	24,915	32,232	21,984	17,855
Argentina	1,043	1,121	424	260	24	66
Chile	160	382	477	618	779	378
Uruguay	294	156	520	113	579	841
Canada	311	419	836	1,050	903	891
Other countries	1,637	1,770	1,749	2,457	3,338	2,300
Total	27,712	29,999	30,020	46,745	31,667	32,322

Compiled from data published in Resumen Analitica de las Exportaciones de Tabac, Cuban Government

TABLE 23.--Cuba: Exports of wrapper tobacco by countries of destination and calendar years, average 1935-39 and 1940-44, annual 1945-47

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States	537	831	1,288	1,550	874	1,229
Other	8	56	149	306	295	217
Total	545	887	1,437	1,856	1,169	1,446

Compiled from data published in Resumen Analitica de las Exportaciones de Tabac, Cuban Government

TABLE 24.--Cuba: Average export prices of Cuban leaf by classes, calendar years, average 1937-41 and annual 1946-48. Declared export values, f.o.b. Havana, in United States equivalents

Year	Class			
	Wrapper	Unstemmed filler	Stemmed filler	Scrap
	Dollars per pound	Dollars per pound	Dollars per pound	Dollars per pound
Average				
1937-41	1.75	0.32	0.64	0.27
Annual				
1946	3.02	0.78	1.46	0.68
1947	3.31	0.53	1.10	0.48
1948	3.34	0.42	0.92	0.43

Compiled from reports of U. S. Foreign Service officers.

Exports of cigars during 1948 totaled about 802,000 pounds. This was an increase of approximately 50 percent over the prewar average and about 36 percent above 1947 exports. The principal markets are the United States and Spain.

TABLE 25.--Cuba: Exports of cigars by countries of destination, calendar years, average 1935-39 and 1940-44, annual 1945-48

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
United States	46	611	917	289	132	151
Spain	80	204	544	418	349	558
United Kingdom	296	1	4	1	1	1
France	37	1/	1/	1/	1/	1/
Other	80	77	173	181	106	92
Total	539	893	1,638	889	588	802

1/ If any, included in other.

Compiled from data published in the Cuba Comercio Exterior and reports of Comision Nacional de Propaganda

Exports of cigarettes during 1948 were about 24 million pieces, as compared with approximately 28 million pieces in 1947 and a prewar average of 26 million pieces. Panama and Peru are the largest importers of those cigarettes.

Exports of scrap tobacco during 1948 were reported to be about 5,000,000 pounds, compared with 4,013,000 in 1947 and a prewar average of approximately 3,000,000 pounds, the bulk of which was imported by the United States. Cuba exports small quantities of pipe tobacco but no snuff or other tobacco products.

Cuba's imports of cigarettes during 1948, which came almost exclusively from the United States, were reported to total about 312 million pieces. This was an increase of 457 percent over the prewar average and approximately 14 percent above 1947 imports. The increase reflects the continued popularity of United States brands and indicates the preference of many consumers for brighter, milder cigarettes. The consensus of opinion is that the demand for United States blended cigarettes will continue. However, promotion of domestic brands has recently been intensified by several tobacco manufacturers in Cuba. These domestic brands sell at half the price of the imported cigarettes and are marketed in attractive, American-style 20's-cup packets which contain cigarettes made from blends of native-grown, dark cigar type and flue-cured tobaccos mixed with small quantities of Oriental tobacco.

Cuba's imports of chewing and smoking tobacco during 1948 came almost exclusively from the United States and totaled about 7,000 pounds, compared with approximately 4,800 pounds in 1947 and a prewar average of 1,700 pounds. A few hundred pounds of snuff were also imported, but practically no leaf tobacco or cigars were brought in.

Dominican Republic

Santiago, the capital of the Province bearing that name, is the center of tobacco activities in the Dominican Republic; and more than half of the leaf-tobacco packing plants and tobacco storage warehouses are located there. All of the Republic's domestic machine-made cigarettes and over 60 percent of its cigars are made in Santiago, which is located in the center of the Cibao Valley where the bulk of the country's leaf tobacco is produced.

The Dominican Department of Agriculture, the Chamber of Commerce, and members of the tobacco trade are cooperating with growers in an endeavor to improve the methods of producing and handling leaf tobacco and to increase the quantity produced.

Leaf tobacco grown in the Dominican Republic is of the species Nicotiana tabacum; and dark, air-cured cigar varieties are grown on thousands of small farms scattered throughout the country. There are two major groups, one known as "Olor" and the other as "Criollo." The first includes the choicest varieties and is used in the manufacture of better class cigars and cigarettes. "Criollo" is used primarily to make cheaper cigarettes and pressed or plug tobacco. The plug tobacco is called "Andullos" and is utilized principally in pipe-smoking and chewing tobacco, although some is used in roll-your-own cigarettes.

The latest trade estimate of 66 million pounds for the 1948-49 crop is about 6 percent above the official estimate of the record production of 62 million in 1945-46 and about 390 percent above the 5-year (1935-36 through 1939-40) average of 13.7 million pounds. It is estimated that if price and weather factors were favorable a crop of about 100 million pounds of leaf tobacco could be produced within 5 years. The stock position is now normal, but supplies in excess of market demands may result from the indicated large 1948-49 crop. Marketings have been curtailed as a result of limited exports due to the shortage of foreign exchange.

TABLE 26.--Dominican Republic: Acreage and production of tobacco, average 1935-36 through 1939-40 and 1940-41 through 1944-45, annual, 1945-46 through 1948-49

Crop year	Area	Production
	1,000 acres	1,000 pounds
Average		
1935-36 through 1939-40	-	1/ 13,660
1940-41 through 1944-45	-	19,552
Annual		
1945-46	64	62,238
1946-47	37	32,518
1947-48	38	38,581
1948-49 2/	54	66,000

1/ Estimated.
2/ Proliminary.

Compiled from reports of Foreign Service officers.

There are two types of domestic, machine-made cigarettes--the blended type, which contains United States flue-cured and Burley mixed with a small quantity of oriental tobacco, and the dark cigar types, made entirely of domestic leaf. One brand of each type is put up in American-style 20's-cup packets. The domestically manufactured, United States type, blended cigarettes sell at the equivalent of 35 to 40 cents a pack, as compared with 60 to 75 cents for popular, imported United States brands. The domestic manufacture of 750 million cigarettes is planned for 1949, as compared with an output of about 700 million in 1948. The prewar average was approximately 250 million cigarettes per year.

The Republic's cigar industry is only partially mechanized. Standard-size cigars of very good quality are made principally by four firms in the Cibao Valley around the Santiago district, while common cigars are produced in hundreds of homes. According to the trade, the current commercial output of cigars is about 34 million pieces per year, compared with approximately 32 million annually during the 5-year, 1942-46 period. The prewar average was about 26 million pieces, annually. The outlook for this industry is favorable, provided the purchasing power of consumers is maintained.

Pressed or plug tobacco, known as "Andullo," is tax free. This product is consumed by the lower income segment of the population. Current consumption is estimated at about the prewar level of approximately 2,000,000 pounds per year, compared with an annual consumption of about 3,200,000 pounds for the 5 years 1942-47. The decrease of the past 2 years is due to the preference among smokers for machine-made cigarettes.

TABLE 27.--Dominican Republic: Average declared export values of Dominican leaf, calendar years, average 1937-41 and annual 1946-48

Year	Values
	Cents per pound
Average	
1937-41	2.2
Annual	
1946	14.1
1947	14.1
1948	13.3

Compiled from reports of U.S. Foreign Service officers.

During 1948, exports of leaf went principally to Europe and North Africa and totaled about 30,500,000 pounds, as compared with approximately 33,000,000 pounds in 1947 and 13,660,000 pounds, annually, for the prewar, 1935-39 period.

TABLE 28.--Dominican Republic: Exports of leaf tobacco by countries of destination, calendar years, average 1935-39 and 1940-44, annual 1945-48

Country of destination	Average 1935-39	Average 1940-44	1945	1946	1947	1948
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
France	2,445	128	3,364	15,678	7,377	1,387
Netherlands	4,535	61	1,432	13,955	7,229	6,985
Spain	603	2,443	18	12,775	6,784	7,538
Belgium	1,151	6	2,499	5,862	3,135	5,176
Spanish Morocco	1/	2,010	4,180	4,604	-	2,236
French Morocco	63	45	857	1,321	606	1,566
Canary Islands	237	-	1,599	196	123	1,540
United States	2/ 34	2/ 2,343	3,814	56	379	264
Algeria	787	148	1,609	1,206	3,818	994
Switzerland	-	323	737	473	139	316
French Indochina	-	4	-	217	2,399	882
Gibraltar	61	-	103	244	287	1,154
Other	3,744	403	229	5,947	709	466
Total	13,660	7,914	20,441	62,534	32,985	30,504

1/ Included with French Morocco.
2/ Quantities consigned to United States enroute to Spain and other countries.

Compiled from data published in Exportacion de la Republica Dominica and from reports of U.S. Foreign Service officers.

Exports of cigars during 1948 amounted to about 20,000 pieces, as compared with 19,000 pieces for 1947 and an average of 146,300 pieces for the 1941-45 period. The bulk of the cigar exports went to the Netherlands West Indies and United States.

Exports of domestic cigarettes during 1948 came to about 8,500,000 pieces, as compared with approximately 7,500,000 pieces in 1947 and an average of 18,121,000 pieces for the 1941-45 period. The Netherlands and French West Indies are the largest markets for cigarette exports. At present, exports of other tobacco products from the Republic are unimportant. The immediate outlook for the export trade is dependent upon the foreign exchange situation.

Imports of tobacco and tobacco products come almost exclusively from the United States and consist mainly of cigarettes and specially prepared, cut-and-blended cigarette tobaccos. However, small quantities of cigars for the luxury trade are shipped from the United States and Cuba.

Imports of cigarettes during 1948 totaled about 7,500,000 pieces, compared with about 7,000,000 in 1947 and a prewar average of 560,000 pieces. United States blended-type cigarettes are definitely preferred; and, if the purchasing power of the consumer is maintained, the trade should continue to grow.

Imports of cut, blended cigarette tobacco for use in domestic cigarettes should also increase, because of the price advantage they have over imported cigarettes and of the trend away from dark, cigar-type cigarettes to the milder, brighter blended types. During 1948, imports of cut, blended cigarette tobaccos totaled about 200,000 pounds, as compared with approximately 160,000 pounds in 1947 and a prewar average of 25,000 pounds. Imports of other tobacco products were insignificant.

Haiti

As in the Dominican Republic, leaf tobacco was grown in Haiti before the discovery of the Western Hemisphere by Columbus. The native tobacco has since been crossed with Cuban, Puerto Rican, Dominican, and other foreign types including United States flue-cured and dark, air-cured varieties. Dark, air-cured cigar types predominate; but increasing quantities of brownish, air-cured leaf are now being produced, mainly for cigarette purposes. Haiti's leaf tobacco is grown on thousands of small individually owned farms, practically all of which cover less than an acre of land and are scattered all over the country. The principal producing areas are in the Department du Nord Ouest and in de Nord. In recent years, about 75 percent of the production has come from these districts. The Department of Agriculture maintains three tobacco-leaf experiment stations in tobacco-growing areas and one at Port-au-Prince. It cooperates with the Regie in supplying seeds, plants, and technical assistance to the growers. At present, new experiments with foreign seeds are planned, and a program for improving the crop standard in general is proposed.

Haitian's consume the bulk of domestic tobacco as raw leaf smoked in native pipes. Leaf-production statistics are not available in Haiti but, according to Government officials, about 6,600,000 pounds were produced in 1947-48 and the 1948-49 crop was expected to approximate 8,800,000 pounds.

It was officially stated, also, that, with favorable weather and prices, production could be trebled within 5 years, because labor is abundant, land is plentiful, and climatic conditions are favorable.

Minimum prices paid to the farmer for leaf tobacco during the 1947-48 season ranged, in United States equivalents, from 10 cents per pound for low grades to 40 cents per pound for top grades. In March 1949, the Regie announced a reduction in minimum prices to be paid to the farmers for tobacco from the 1948-49 crop, and, as a result, the minimum was reduced to about half that of the previous season.

Haiti's imports of leaf tobacco totaled 148,000 pounds during 1947-48 as compared with 185,400 pounds in 1946-47 and an average of 26,000 pounds for the 5 years, 1935-39. Imports of cut, blended cigarette tobacco during 1947-48 amounted to 126,900 pounds, compared with 78,000 pounds in 1946-47. There are no records of shipments to Haiti of cut, blended cigarette tobacco for prewar years. Currently, practically all of Haiti's leaf and cut tobaccos come from the United States. The outlook for imports in these classes is favorable, as this tobacco is utilized exclusively in the manufacture of United States type, blended cigarettes, the demand for which is expected to increase.

The importation of cigarettes into Haiti during 1947-48 totaled approximately 120 million pieces compared with about 103 million pieces in 1946-47 and an average of about 22 million pieces, annually, for the 5 years, 1935-39. For many years, all of Haiti's imported cigarettes have come from the United States, but this trade will probably decline in favor of the cheaper domestic cigarette. Haiti has no other tobacco imports of significance, with the exception of small quantities of cigars and smoking tobacco for the luxury trade and occasional shipments of black-fat and dark-fired tobacco. All of these products come from the United States, with the exception of cigars which come principally from Cuba.

The tobacco industry of Haiti is controlled by a Government monopoly, the Republique D'Haiti Regie Du Tabac, located at Port-au-Prince. Haiti's only mechanized tobacco factory is also located in that city.

Tobacco manufacture is confined chiefly to the production of three brands of cigarettes. The largest seller is marketed in an attractive American-style 20's-cup packet, and the cigarettes contain a blend of United States, flue-cured and Burley leaf, mixed with a small quantity of oriental tobacco. The second brand contains a blend of 80-percent imported leaf, mixed with 20-percent domestic leaf; and a third contains a 50-50 blend of imported and domestic leaf. The brand containing 100-percent imported leaf sells at the equivalent of 18 United States cents, as compared with 27 to 30 cents for popular brands of imported United States cigarettes.

Consumers have shown a decided preference for milder, brighter tobaccos. Haiti's native leaf is dark and strong. Sales of domestic, blended machine-made cigarettes during the 5 years, 1942-46, averaged about 109,666,000 pieces annually, compared with approximately 52,069,000 per year for the 1936-40 period. Sales amounted to about 144,146,000 and 123,308,000 pieces in 1947 and 1948, respectively. The manufacturer plans to produce

160,000,000 cigarettes during 1949, which would more than treble prewar levels. The outlook for a continued increase in the consumption of blended cigarettes is favorable, because the consumer switch from the smoking of native-grown leaf in pipes and from the use of little cigars is expected to gain momentum.

Haiti's most important cigar-making establishments are located in Port-au-Prince. No domestic cigars are machine-made. Crude cigars are made in homes. The cheapest cigars sell at the equivalent of 1 United States cent each, and the Deluxe cigars are marketed at from 10 to 15 United States cents each. During the period that just preceded the war, the commercial output of cigars, according to the trade, averaged about 800,000 pieces per year, as compared with approximately 700,000 annually during the 5 years, 1942-46 and about 500,000 pieces currently. The consensus of opinion is that this downward trend will continue.

There are no exports of tobacco from Haiti.

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